

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



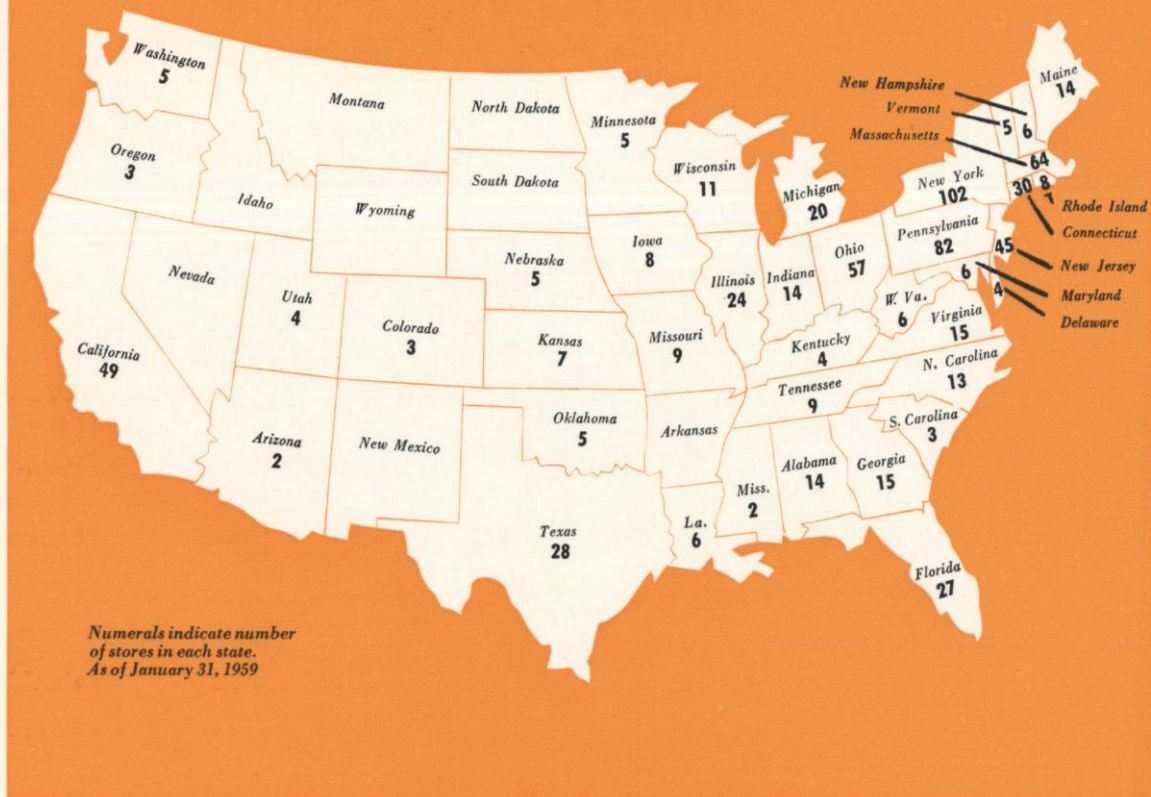
W. T. GRANT COMPANY



Annual Report 1958

BOARD
9608.27
016121

739 W. T. GRANT STORES IN 40 STATES



THE W. T. GRANT COMPANY—a brief description

Starting with one store at Lynn, Mass. in 1906, the Company, on January 31, 1959, operated 739 general merchandise stores in 40 states. As indicated on the above map, over half of the stores are in the north-eastern states.

The stores are family type stores in that they sell merchandise lines for women, for men, for children, and for the home and garden, at prices generally ranging up to \$5., but with some items ranging in prices up to \$100. While most sales are for cash, credit service is available in all stores.

In 1958, sales per store ranged from \$100,000 to \$3,900,000 and averaged \$585,000. Total Company sales were \$432,000,000 in 1958.

Except in 1932, 1938, and 1949, the Company has

had a sales increase every year in its 52 year history. It has made a profit and paid dividends every year. In recent years, its steady expansion program has been directed mostly to leased shopping center stores that offer retailing opportunities in the suburbs. At the last year end, 259 of the stores were in shopping centers.

The Company employs approximately 30,000 people on a year-round basis, with a peak of approximately 45,000 at Christmas. Its outstanding 150,000 shares of 3¾ % preferred stock, par value \$100., are held by 718 stockholders and its 2,503,523 shares of common stock, par value \$5., are held by 7,742 stockholders.

In addition to its domestic operations, the Company owns 51% of the common stock of Zeller's Ltd., a Canadian chain operating 67 stores similar to Grant stores, whose 1958 sales totalled \$50,000,000.

W. T. GRANT COMPANY

Founded in 1906 at Lynn, Mass.

EXECUTIVE AND BUYING OFFICES . . . 1441 BROADWAY, NEW YORK 18, N. Y.

DIRECTORS

WILLIAM T. GRANT
Chairman

JOHN G. BYLER

JOSEPH W. CHINN

HOWLAND S. DAVIS

RAYMOND H. FOGLER

CLAYTON E. FREEMAN

JOHN D. GRAY

THOMAS P. JERMAN

M. F. KETZ

PETER KILBURN

J. LUTHER KNIES

LOUIS C. LUSTENBERGER

CLARENCE J. MYERS

EDWARD STALEY

ROBERT R. UPDEGRAFF

OFFICERS

WILLIAM T. GRANT . . . *Chairman of the Board*

EDWARD STALEY *Vice Chairman of the Board
and President*

LOUIS C. LUSTENBERGER *Exec. Vice President
and General Manager*

J. LUTHER KNIES . *Merchandise Vice President*

GORDON ANDERSON *Vice President*

M. F. KETZ . . . *Vice President and Comptroller*

R. W. ROSEVEAR *Store Expansion Vice President*

HOWARD E. EADES . *Personnel Vice President*

HERBERT T. WILKINSON . *Store Management
Vice President*

ROBERT W. IVES *Vice President*

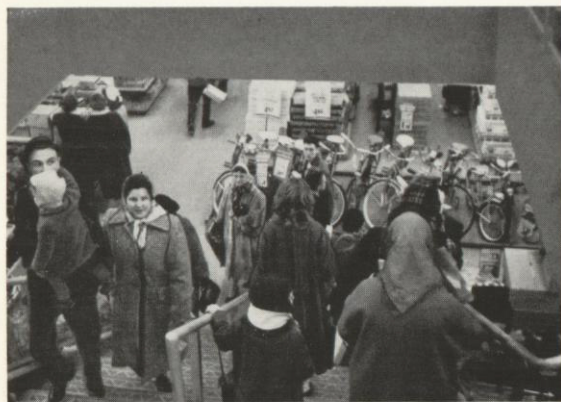
WARREN G. FINNAN *Treasurer*

CHARLES W. RIVOIRE *Secretary*

GEORGE W. MIDDLETON *Assistant Comptroller*

ROBERT J. KELLY *Assistant Secretary*

Transfer Agent—Guaranty Trust Company of New York
Registrar—Bankers Trust Company, New York, N. Y.



THE STORY IN BRIEF

Year ended January 31,

	1959	1958
Sales	\$432,240,571	\$406,337,450
Earnings before taxes, excluding non-recurring items	\$ 20,165,253	\$ 18,258,632
Provision for Federal income taxes	\$ 10,315,000	\$ 9,313,000
Net earnings, excluding non-recurring items	\$ 9,850,253	\$ 8,945,632
Per common share	\$3.71	\$3.37
Non-recurring items	—	\$ 771,942
Per common share	—	\$.31
Net earnings, including non-recurring items	\$ 9,850,253	\$ 9,717,574
Per common share	\$3.71	\$3.68
Dividends paid per preferred share	\$3.75	\$3.75
Dividends paid per common share	\$2.00	\$2.00
Total dividends paid	\$ 5,553,315	\$ 5,527,024
Earnings retained in the business	\$ 4,296,938	\$ 4,190,550
Depreciation and amortization	\$ 5,672,178	\$ 5,406,787
Merchandise inventories	\$ 75,780,905	\$ 69,762,345
Working capital	\$ 64,036,558	\$ 62,273,274
Fixed assets	\$ 37,710,161	\$ 37,640,768
Total salaries and wages	\$ 78,208,881	\$ 73,717,236
Other employee benefits	\$ 4,613,295	\$ 4,536,945
Total compensation and other benefits	\$ 82,822,176	\$ 78,254,181
Cents per sales dollar	19.2¢	19.3¢
Book value common stock—per share	\$38.92	\$37.24
Number of preferred stockholders	718	704
Number of common stockholders	7,742	6,991
Number of stores at year end	739	691

W. T. GRANT COMPANY

1441 Broadway, New York 18, N. Y.

TO THE STOCKHOLDERS:

This is our fifty-second annual report. It covers the fiscal year ended January 31, 1959.

SALES — Sales were the highest in our 52 years, reaching a total of \$432,240,571 which is \$25,903,121 or 6.4% above 1957.

Sales increased only 1.0% for the first six months, but were sharply up, 10.5%, for the last six months of the year. All areas of the country where we operate stores contributed to the increase.

The December 1958 sales of \$81,481,277 set an all time monthly record with an increase of \$7,894,800 over December 1957.

The sales under the customer installment plan amounted to \$39,588,950 in 1958.

The Company continued to get an increasing portion of its sales from shopping center stores. In 1958, such stores contributed 32% of the year's sales, compared to 26% in 1957.

The Company's annual sales have increased over the preceding year in each of its 52 years except 1932, 1938, and 1949.

EARNINGS — Net earnings for the year were \$9,850,253 which, after preferred stock dividends, equalled \$3.71 per share on 2,503,523 shares of common stock outstanding at the year end.

In 1957, net earnings, excluding non-recurring items, were \$8,945,632 or \$3.37 per share on 2,488,568 shares of common stock at the year end. In addition, there were non-recurring items in 1957 that totalled \$771,942 or 31 cents per common share. There were no non-recurring items in 1958.

The results for the entire year 1958 include an excellent improvement in the last two months of the year. This year end performance more than offset the unfavorable results in the earlier months of the year.

While the 1958 net earnings in identical stores were above those of 1957, the new, relocated, and enlarged stores opened in 1957 and 1958, as a group, turned in a profit in 1958 and accounted for a substantial portion of the increase in net earnings for the year.

Pre-tax profit of \$20,165,253 in 1958 was the second highest in the Company's history, exceeded only by the \$20,395,053 in the year of 1955.

The 1958 earnings mark the fifty-second consecutive year in which the Company has made a profit.

TAXES — The 1958 taxes paid to federal, state, and local governments, including the provision for federal income taxes, were \$18,921,384 or \$7.56 per share of common stock. This compares with \$18,039,627 or \$7.25 per share in 1957.

In addition, the Company continues to collect various taxes for the federal, state, and local governments, which in 1958 totalled \$20,990,650 and \$19,456,724 in 1957.

DIVIDENDS AND RETAINED EARNINGS — During 1958, the Company paid the regular dividends of \$3.75 per share on the preferred stock and regular dividends of \$2.00 per share on the common stock. In 1957, the same amounts per share were paid.

The number of stockholders continues to increase, with 7,742 common stockholders at the year end, an increase of 751 over the previous year.

After preferred stock dividends of \$562,506 and common stock dividends of \$4,990,809, the net earnings retained for use in the business from 1958 operations were \$4,296,938 compared to \$4,190,550 in 1957.

The April 1, 1959 regular quarterly dividend paid on the common stock was increased to 55 cents per share, which on an annual basis would be \$2.20 per share. This is the third increase since 1954 when the common stock dividend was at the annual rate of \$1.50 per share. In each year of its 52 year history the Company has paid a dividend on its common stock.

FINANCIAL POSITION — The Company remains in excellent financial position. Working capital increased during the year by \$1,763,284. It totalled \$64,036,558 at the year end compared to \$62,273,274 at the end of 1957. The Company has no long term debt.

Merchandise inventories were well controlled for the year, which is to the credit of the Grant store managers who have the primary responsibility for merchandising their individual stores. The increase of \$6,018,560 in merchandise inventories at the year end was principally accounted for by new and enlarged stores. Inventories are in good relationship to anticipated sales.

Installment receivables from customers at the year end were \$22,938,249 of which \$21,825,925 had been sold to various banks. Last year, these receivables totalled \$21,768,167 of which \$20,028,588 had been sold.

The book value per share of common stock was \$38.92 per share at the year end compared to \$37.24 the previous year. The net worth of the Company increased each year in its history.

On March 19, 1959, the Company filed a registration statement with the Securities and Exchange Commission covering the proposed issuance and sale of 320,000 shares of common stock to the public through underwriters. The purpose of the issue is to add funds to the working capital of the Company.

ZELLER'S LIMITED — During 1958, the Company increased its investment in Zeller's Limited by \$2,773,186. This concludes the Company's commitment to buy, by February 1, 1960, fifty percent of Zeller's Limited common stock, and also includes an additional 7,500 shares purchased in the open market. The Company now owns 51%, or 382,500 shares of the total shares outstanding. The total cost was \$7,339,983, or at an average cost per share of \$18.61 (Canadian). At the year end, the closing market price of Zeller's common stock listed on the Montreal Stock Exchange was \$37.00 per share. The Company does not plan to acquire any more of the outstanding shares of Zeller's Limited.

Dividends received from Zeller's in 1958 totalled \$338,331 compared to \$260,476 in 1957. At last year's annual dividend rate of \$1.20 per share, the shares of Zeller's presently owned by the Company would produce annual dividends of \$459,000.

Zeller's 1958 sales were \$49,830,436 or 7.5% over last year. The year's net earnings were \$1,896,751 which compares with \$1,932,581 in 1957.

During the year, Zeller's opened 6 new stores and enlarged one existing unit. At the year end, 67 stores were in operation. In 1959, it is expected that 7 new stores will be opened.

During the year, James G. Kendrick, formerly Grant Company Western Regional Manager, was elected President and a Director of Zeller's replacing George L. Cobb who had resigned.

CAPITAL PROGRAM — During the year, the Company continued its steady expansion program. It included 64 new stores, all in shopping centers. The previous year's program included 67 new stores, of which 65 were in shopping centers. In addition, this year's program included 15 existing stores that were relocated, enlarged, or modernized, compared with 19 stores in 1957.

At the year end, there were 739 stores, including 2 stores temporarily closed while undergoing enlargement. Last year, there were 691 stores, including 4 stores temporarily closed. The net increase of 48 stores is accounted for by the 64 new stores, less 16 small, downtown stores that were permanently closed.

At the year end, 259 of the 739 stores were in shopping centers.

The 1958 capital program expenditures, principally for store fixtures, were \$5,736,000 which compares with \$6,478,000 in 1957.

Depreciation and amortization for 1958 of \$5,672,178 almost equalled the capital program fixed asset expenditures of \$5,736,000 for the year.

At the year end, there were 57 locations where construction has started on stores we expect to open in 1959. This includes 51 new stores and 6 enlarged stores. Currently, it is our estimate that the 1959 capital expenditures will be approximately the same as in 1958.

PEOPLE — The Company believes that its greatest strength is not in its financial position, or its expansion program, or its merchandising and sales promotion program, but in the factor that makes all these possible; namely, its people.

In 1958, the Company had 30,300 employees at the year end, compared to 29,600 at the end of 1957. Salaries and wages, retirement plan contributions, social security taxes, and other miscellaneous benefits totalled \$82,822,176, or 19.2% to sales in 1958, compared to \$78,254,181, or 19.3% to sales in 1957. Included in these costs is \$1,007,645 for 1958 and \$1,199,740 for 1957, contributed by the Company to the employees' retirement plan. Labor costs were well controlled and our employees turned in a good productive performance.

Our personnel reserves continue in a strong position, with 942 people in training for store management this year, compared to 929 last year. The number of people in training is in sound relationship to our anticipated expansion program. Our policy is to have sufficient trainees to fill future management needs, but at the same time to control this reserve so that the successful trainee can make rapid progress in relation to individual ability.

The opportunity for people in the Company is evidenced by the fact that in 1958, mainly because of our expansion program, the Company promoted 118 assistant managers to manage their first stores, compared to 93 such promotions in 1957. In addition, in 1958 the Company promoted 213 managers to more important positions as managers or supervisors, compared to 197 such promotions in 1957. The Company has maintained for years a policy of promoting qualified store sales and office women to store management. There are presently 49 women store managers.

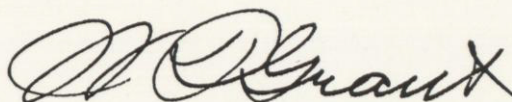
The success of this constant development of manpower within the Company is indicated by the fact that all but one of the present twenty top management people started as trainees in stores. The average age of these individuals is 51 and the average length of service is 26 years.

At the February 24, 1959 meeting of the Board of Directors, Joseph A. Livolsi, Eastern Regional Manager, was elected a Vice President; Warren G. Finnan, Treasurer, was elected Vice President

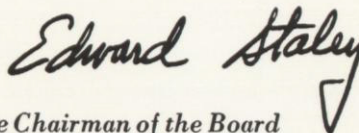
and Treasurer; and Richard W. Mayer, Credit Manager, was elected Assistant Treasurer and Credit Manager.

Dr. Charles F. Phillips, President of Bates College, was elected a Director on March 12, 1959, replacing Robert R. Updegraff who requested retirement from the Board after 18 years of devoted service as a Director.

The results for the first half of 1958 were disappointing compared to the first half of 1957. However, the comparative results for the full year reflect a strong comeback in the second half of the year. For these results, we are grateful to our customers, employees, and suppliers. We expect 1959 to be a highly competitive year, with the general economy slightly better than in 1958. We believe there is opportunity for improvement in the first part of 1959 and for a creditable performance for the entire year, along with a steady program of expansion.



Chairman of the Board



*Vice Chairman of the Board
and President*

April 2, 1959



NEW W. T. GRANT STORES IN 1958

During the year, 64 stores, all in shopping centers, were opened . . .

- | | | |
|--|--|---|
| AKRON, OHIO
<i>(Arlington)</i> | FULLERTON, CALIF.
<i>(Orangefair)</i> | PEEKSKILL, N. Y.
<i>(Beach)</i> |
| ALAMEDA, CALIF.
<i>(South Shore)</i> | GAINESVILLE, FLA.
<i>(Shopping Center)</i> | PITTSBURGH, PA.
<i>(Crafton-Ingram)</i> |
| ALBANY, N. Y.
<i>(Westgate)</i> | GARY, IND.
<i>(Tri-City)</i> | POUGHKEEPSIE, N. Y.
<i>(Shopping Center)</i> |
| ANAHEIM, CALIF.
<i>(Anaheim Park)</i> | HAYWARD, CALIF.
<i>(Fairway Park)</i> | RESEDA, CALIF.
<i>(Tampa Park)</i> |
| AUGUSTA, GA.
<i>(Southgate)</i> | HAZLET, N. J.
<i>(Airport Plaza)</i> | ROCHESTER, N. Y.
<i>(West Gate Plaza)</i> |
| AVON-BY-THE-SEA, N. J.
<i>(Neptune)</i> | INDIANAPOLIS, IND.
<i>(Devington)</i> | ROYAL OAK, MICH.
<i>(Madison Heights)</i> |
| BARBERTON, OHIO
<i>(Norton Village)</i> | JACKSON, MISS.
<i>(Westland Plaza)</i> | ST. ANN, MO.
<i>(Shopping Center)</i> |
| BATTLE CREEK, MICH.
<i>(Columbia Plaza)</i> | JACKSONVILLE, FLA.
<i>(Paxon)</i> | ST. PETERSBURG, FLA.
<i>(Crossroads)</i> |
| BUENA PARK, CALIF.
<i>(Lincoln Park)</i> | JANESVILLE, WISC.
<i>(Creston Park)</i> | SAN FERNANDO, CALIF.
<i>(Sylmar Square)</i> |
| CARTERET, N. J.
<i>(Shopping Center)</i> | LA PUENTE, CALIF.
<i>(Sunkist)</i> | SCARSDALE, N. Y.
<i>(Midway)</i> |
| CHATTANOOGA, TENN.
<i>(Highland Plaza)</i> | LANCASTER, PA.
<i>(Shopping Center)</i> | SOUDERTON, PA.
<i>(Shopping Center)</i> |
| CHICAGO, ILL.
<i>(Jeffery Center)</i> | LITTLE SILVER, N. J.
<i>(Shopping Center)</i> | TALLAHASSEE, FLA.
<i>(Capitol Plaza)</i> |
| COMMACK, N. Y.
<i>(Shopping Center)</i> | LORAIN, OHIO
<i>(Oakwood)</i> | TULSA, OKLA.
<i>(Brook Plaza)</i> |
| CORTE MADERA, CALIF.
<i>(Shopping Center)</i> | LORAIN, OHIO
<i>(Westgate)</i> | WARNER ROBINS, GA.
<i>(Williams Plaza)</i> |
| DAYTON, OHIO
<i>(Breitenstrater)</i> | MARIETTA, GA.
<i>(Town & Country)</i> | WARWICK, R. I.
<i>(Shopping Plaza)</i> |
| DECATUR, ILL.
<i>(Fairview)</i> | MIDDLESEX, N. J.
<i>(Middlesex Boro)</i> | WASHINGTON, N. J.
<i>(Warren County)</i> |
| DOWNEY, CALIF.
<i>(Stonewood)</i> | MIDDLETOWN, R. I.
<i>(Aquidneck)</i> | WEST ORANGE, N. J.
<i>(Essex Green)</i> |
| EAST McKEESPORT, PA.
<i>(Great Valley)</i> | MIDLAND, MICH.
<i>(Eastlawn)</i> | WINSTON-SALEM, N. C.
<i>(Northside)</i> |
| EAST POINT, GA.
<i>(Tri-Cities)</i> | MUNCIE, IND.
<i>(Southway)</i> | WOODBURY, N. J.
<i>(Southwood)</i> |
| EASTON, PA.
<i>(25th Street)</i> | MUSKEGON, MICH.
<i>(Beltline)</i> | WYCKOFF, N. J.
<i>(Municipal)</i> |
| FT. WORTH, TEX.
<i>(Town & Country)</i> | NORTH OLMSTED, OHIO
<i>(Great Northern)</i> | YOUNGSTOWN, OHIO
<i>(Liberty Plaza)</i> |
| | OLD BRIDGE, N. J.
<i>(Shopping Center)</i> | |

HOW EACH GRANT STORE SALES DOLLAR WAS DIVIDED 1958 . . 1957

	(cents)	(cents)
To suppliers for merchandise, services, rents, etc.	73.2	72.9
To employees for salaries, wages, and benefits	19.2	19.3
To stockholders in dividends	1.3	1.4
For taxes—federal, state, and local	3.7	3.8
For wear and tear—depreciation and repairs	1.6	1.6
Left for use in the business	<u>1.0</u>	<u>1.0</u>
	\$ 1.00	\$ 1.00

Ten Year History of The Company's Capital Program

Year	Number New Stores Opened		Number Stores Relocated or Enlarged	Net Grant Capital Program Fixed Asset Expenditures
	Downtown Locations	Shopping Centers		
1958	—	64	15*	\$ 5,736,000
1957	2	65	19*	6,478,000
1956	7	64	24	8,461,000
1955	27	34	18*	7,100,000
1954	14	6	31	6,300,000
1953	7	7	41	7,200,000
1952	8	6	26	6,350,000
1951	4	4	22	6,514,000
1950	1	1	18	3,100,000
1949	2	2	24	7,250,000
10 yr. Totals	<u>72</u>	<u>253</u>	<u>238</u>	<u>\$64,489,000</u>

*For each of these years, 2 downtown stores relocated in shopping centers are included in this column. All other relocated or enlarged stores were in downtown locations.

W. T. GRANT COMPANY

Statement of Operations

Year ended January 31,

	1959	1958
Sales	\$432,240,571	\$406,337,450
Cost of merchandise sold and operating expenses	405,699,354	381,966,558
	<u>\$ 26,541,217</u>	<u>\$ 24,370,892</u>
Add:		
Interest earned	72,325	77,084
Other income	348,983	283,034
	<u>\$ 421,308</u>	<u>\$ 360,118</u>
	<u>\$ 26,962,525</u>	<u>\$ 24,731,010</u>
Deduct:		
Depreciation and amortization	5,672,178	5,406,787
Interest paid	955,215	864,098
Other deductions	169,879	201,493
Provision for federal taxes on income—Note C	10,315,000	9,313,000
	<u>\$ 17,112,272</u>	<u>\$ 15,785,378</u>
	<u>\$ 9,850,253</u>	<u>\$ 8,945,632</u>
Refund of federal taxes on income for the years 1943 —1945 under Section 722, and interest (including interest on LIFO refund) less related income taxes of \$472,657	—	771,942
Net Earnings for the Year	<u>\$ 9,850,253</u>	<u>\$ 9,717,574</u>
Deduct:		
Cash dividends:		
On 3¾ % Cumulative Preferred Stock:		
Four quarterly dividends of 93¾¢ each per share	562,506	562,506
On Common Stock:		
Four quarterly dividends of 50¢ each per share	4,990,809	4,964,518
Total Dividends	<u>\$ 5,553,315</u>	<u>\$ 5,527,024</u>
Earnings for Year Retained for Use in the Business	<u>\$ 4,296,938</u>	<u>\$ 4,190,550</u>
Add:		
Earnings of prior years retained for use in the business	77,710,073	73,519,523
Accumulated Earnings Retained for Use in the Business at End of Year —Note D	<u>\$ 82,007,011</u>	<u>\$ 77,710,073</u>

(See notes to financial statements.)

W. T. GRANT COMPANY

Assets	1959	1958
	<i>January 31</i>	<i>January 31</i>
Current Assets		
Cash	\$ 23,740,240	\$ 20,224,468
Accounts receivable:		
Customers' installment accounts not sold	1,112,324	1,739,579
Equity in customers' installment accounts (\$21,825,925 and \$20,028,588, respectively) sold	2,182,593	2,002,860
	<u>\$ 3,294,917</u>	<u>\$ 3,742,439</u>
Less allowances	1,952,612	1,986,332
	<u>\$ 1,342,305</u>	<u>\$ 1,756,107</u>
Other accounts receivable, claims, etc.	1,493,436	1,339,005
Total accounts receivable, net	<u>\$ 2,835,741</u>	<u>\$ 3,095,112</u>
Merchandise inventories (including merchandise in transit)—at the lower of cost or market deter- mined principally by the retail inventory method	75,780,905	69,762,345
Total Current Assets	<u>\$102,356,886</u>	<u>\$ 93,081,925</u>
Other Assets		
Investment in Zeller's Ltd., at cost—Note A	7,339,983	4,566,797
Cash surrender value of life insurance	3,067,589	2,961,279
Sundry receivables and deposits	1,098,692	902,281
Total Other Assets	<u>\$ 11,506,264</u>	<u>\$ 8,430,357</u>
Common Stock of W. T. Grant Company		
At cost, held for Deferred Contingent Compensation Plan (11,300 and 9,700 shares, respectively)— Note B	352,199	295,174
Store Properties, Fixtures, and Improvements—on the basis of cost		
Buildings	175,000	175,000
Furniture and fixtures	52,921,677	49,683,062
Improvements to leased properties	14,089,190	14,984,661
	<u>\$ 67,185,867</u>	<u>\$ 64,842,723</u>
Less allowances for depreciation and amortization	29,669,268	27,360,518
	<u>\$ 37,516,599</u>	<u>\$ 37,482,205</u>
Land	193,562	158,563
Total Store Properties, Fixtures, and Improvements	<u>\$ 37,710,161</u>	<u>\$ 37,640,768</u>
Deferred Charges		
Paid taxes, rents and insurance, supplies, etc.	2,598,224	2,524,387
	<u>\$154,523,734</u>	<u>\$141,972,611</u>

STATEMENT OF FINANCIAL POSITION

Liabilities, Reserves, & Capital	1959	1958
	<i>January 31</i>	<i>January 31</i>
Current Liabilities		
Accounts payable and accrued expenses	\$ 30,094,914	\$ 26,850,664
Federal taxes on income—estimated, less U. S. Government securities amounting to \$1,988,095 and \$6,970,260, respectively—Note C	8,225,414	3,957,987
Total Current Liabilities	\$ 38,320,328	\$ 30,808,651
Reserves		
For uninsured risks	1,500,000	1,500,000
For repainting stores	1,116,319	1,035,906
For deferred contingent compensation—Note B	394,101	322,904
Total Reserves	\$ 3,010,420	\$ 2,858,810
Capital		
Capital Stock:		
Cumulative Preferred—\$100 par value—Note D:		
Authorized 250,000 shares		
Issued 150,000 shares of 3¾ % series	15,000,000	15,000,000
Common—\$5 par value—Notes B and E:		
Authorized 3,000,000 shares		
Issued 2,514,823 and 2,498,268 shares, respectively	12,574,115	12,491,340
Capital paid-in in excess of par value of shares issued	3,291,735	2,824,717
Amounts paid by officers and employees under purchase contracts for 125,745 and 117,680 shares, respectively, of unissued Common Stock	320,125	279,020
	<u>\$ 16,185,975</u>	<u>\$ 15,595,077</u>
Earnings retained for use in the business—Note D	82,007,011	77,710,073
Total Capital	\$113,192,986	\$108,305,150
	<u><u>\$154,523,734</u></u>	<u><u>\$141,972,611</u></u>

(See notes to financial statements.)

Note A—At January 31, 1959, the cost of the Company's investment in 382,500 shares of common stock of Zeller's Limited, a 51% owned unconsolidated subsidiary, exceeded its equity in the net assets of the subsidiary by approximately \$350,000. The Company's equity in Zeller's net earnings applicable to common stock before dividends thereon for the year ended January 31, 1959 amounted to approximately \$875,000.

Note B—The amount shown for the reserve for deferred contingent compensation at January 31, 1959 represents (a) to the extent that allotments are contingently distributable in Common Stock of the Company, the cost to the Company of 11,300 shares of its Common Stock held for this purpose, plus provision for the purchase of 841 additional shares at the January 31, 1959 market price, plus (b) the total of small balances remaining in participants' contingent cash allotments. For the year ended January 31, 1959, the amount charged to earnings for this purpose was \$76,000.

Note C—In accordance with the practice followed since inauguration in 1946, gross profits on sales on the installment basis are reflected in the financial statements of the Company when the sales are made, whereas for federal income tax purposes, such gross profits are reported as income as collections are received. At January 31, 1959, adequate provision for deferred federal taxes on installment sales is included in current liabilities.

Note D—The 3¾% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at \$100 (par value) per share plus accrued dividends to date of redemption. So long as any of the Cumulative Preferred Stock remains outstanding, there are certain restrictions with respect to payment of dividends (other than stock dividends) on, and purchase of, Common Stock. At January 31, 1959, approximately \$74,000,000 of earnings retained for use in the business was free of such restrictions.

Note E—At January 31, 1959, 160,220 shares of the Company's unissued Common Stock were reserved under the Employees' Stock Purchase Plan. Contracts for the sales, on a deferred payment basis, are made at approximate market prices at dates of contracts. Shares are issued after completion of payments.

Note F—At January 31, 1959, the Company was lessee of real property under 756 leases expiring subsequent to January 31, 1962, at aggregate annual minimum rentals of approximately \$16,276,000 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately \$9,030,000 minimum annual rentals under 393 leases which were on a percentage of sales basis with specified minimum annual rentals, but does not include any amount for 23 leases which were on a percentage of sales basis without any specified minimum annual rentals.

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
W. T. GRANT COMPANY
NEW YORK, N. Y.

We have examined the financial statements of W. T. Grant Company for the year ended January 31, 1959. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and operations present fairly the financial position of W. T. Grant Company at January 31, 1959, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
March 18, 1959

ERNST & ERNST

1907 - Historical Record - 1958

(Amounts in 000's)

(Amounts in 000's)

Year	No. of Stores	Pre-Tax Earnings		Net Earnings		Dividends		Working Capital		Fixed Assets		Long Term Debt	Capital		Net Worth		Year
		Total	Per Sales \$	Total	Per Sales \$	Total	% to Net	Total	% Sales	Total	% Sales		Preferred	Common	Total	% Earned	
1907	1	\$ 10	10.1¢	\$ 10	9.8¢	\$ 8	81.7	\$ 16	16.5	\$ 3	3.0	\$ —	\$ 16	\$ 19	52.6	1907	
1912	12	26	1.9	26	1.9	32	121.9	179	13.2	132	9.7	—	150	315	8.3	1912	
1917	30	154	3.4	110	2.4	44	39.5	430	9.5	301	6.7	—	150	759	14.5	1917	
1922	50	708	4.6	611	4.0	173	28.2	1,803	11.7	1,403	9.1	75	1,655	3,261	18.7	1922	
1927	157	2,754	6.3	2,386	5.5	569	23.8	5,200	11.9	6,167	14.1	330	967	11,416	20.9	1927	
1932	446	1,849	2.5	1,612	2.2	1,195	74.2	9,704	13.3	16,101	22.0	2,038	—	25,155	6.4	1932	
1937	480	4,253	4.3	3,402	3.4	2,353	69.2	18,580	18.8	14,876	15.0	1,540	6,978	34,359	9.9	1937	
1942	493	9,684	6.3	3,762	2.4	2,014	53.5	22,449	14.6	19,052	12.4	4,530	6,977	41,046	9.2	1942	
1947	483	13,862	6.1	8,679	3.8	4,131	47.6	42,359	18.5	23,128	10.1	4,812	15,000	63,462	13.7	1947	
1948	482	13,071	5.6	7,951	3.4	2,942	37.0	42,988	18.4	27,541	11.8	4,403	15,000	68,472	11.6	1948	
1949	480	13,292	5.7	8,042	3.5	4,131	51.4	39,729	17.0	33,094	14.2	3,303	15,000	72,383	11.1	1949	
1950	477	15,938	6.4	8,103	3.2	4,135	51.0	41,712	16.6	32,966	13.2	3,329	15,000	77,292	10.5	1950	
1951	482	19,237	7.2	7,517	2.8	4,150	55.2	41,562	15.5	35,919	13.4	2,759	15,000	80,983	9.3	1951	
1952	491	18,895	6.7	7,570	2.7	4,165	55.0	43,077	15.2	35,203	12.4	1,573	15,000	84,744	8.9	1952	
1953	502	18,920	6.3	8,045	2.7	4,188	52.1	41,956	14.0	38,189	12.7	—	15,000	89,056	9.0	1953	
1954	520	18,585	5.9	8,755	2.8	4,211	48.1	46,553	14.7	38,245	12.1	—	15,000	94,118	9.3	1954	
1955	574	20,395	5.8	9,710	2.8	4,971	51.2	57,125	16.2	33,760	9.6	—	15,000	99,480	9.8	1955	
1956	632	18,493	4.9	8,938	2.3	5,496	61.5	57,808	15.2	36,795	9.7	—	15,000	103,565	8.6	1956	
1957	691	18,259	4.5	9,718	2.4	5,527	56.9	62,273	15.3	37,641	9.3	—	15,000	108,305	9.0	1957	
1958	739	20,165	4.7	9,850	2.3	5,553	56.4	64,037	14.8	37,710	8.7	—	15,000	113,193	8.7	1958	

Comparative Statement of Operations

(year which ends January 31 of subsequent year)

1958

1957

1956

1955

1954

Sales	\$432,240,571	\$406,337,450	\$380,915,043	\$351,848,626	\$317,157,138
Less:					
Cost of merchandise sold and operating expenses	405,699,354	381,966,558	357,224,005	326,764,354	294,433,836
	<u>26,541,217</u>	<u>24,370,892</u>	<u>23,691,038</u>	<u>25,084,272</u>	<u>22,723,302</u>
Add:					
Interest earned	72,325	77,084	83,078	66,220	152,872
Other income	348,983	283,034	216,385	217,318	206,557
	<u>26,962,525</u>	<u>24,731,010</u>	<u>23,990,501</u>	<u>25,367,810</u>	<u>23,082,731</u>
Deduct:					
Depreciation and amortization	5,672,178	5,406,787	4,814,479	4,581,113	4,215,288
Interest paid	955,215	864,098	474,424	209,577	124,455
Other deductions	169,879	201,493	208,411	182,067	158,278
Provision for federal taxes on income	10,315,000	9,313,000	9,555,000	10,685,000	9,975,000
	<u>9,850,253</u>	<u>8,945,632</u>	<u>8,938,187</u>	<u>9,710,053</u>	<u>8,609,710</u>
Non-recurring items	—	771,942	—	—	145,751
Net Earnings for the Year	<u>9,850,253</u>	<u>9,717,574</u>	<u>8,938,187</u>	<u>9,710,053</u>	<u>8,755,461</u>
Deduct:					
Preferred dividends	562,506	562,506	562,506	562,506	562,506
Common dividends	4,990,809	4,964,518	4,933,893	4,408,316	3,648,259
Add:					
Miscellaneous adjustments	—	—	3,214,118	—	—
Earnings of prior years retained in the business	77,710,073	73,519,523	66,863,617	62,124,386	57,579,690
Accumulated earnings retained, at end of year	<u>\$ 82,007,011</u>	<u>\$ 77,710,073</u>	<u>\$ 73,519,523</u>	<u>\$ 66,863,617</u>	<u>\$ 62,124,386</u>

Comparative Statement of Financial Position

(at January 31 of subsequent year)

	1958	1957	1956	1955	1954
Assets:					
Cash	\$ 23,740,240	\$ 20,224,468	\$ 15,363,742	\$ 13,452,115	\$ 14,200,527
United States Government securities	—	—	—	118,580	173,735
Accounts receivable—customers installment accounts (net)	1,342,305	1,756,107	8,385,633	7,706,615	7,865,202
Accounts receivable—other	1,493,436	1,339,005	1,266,581	1,150,812	1,247,243
Merchandise inventories	75,780,905	69,762,345	61,725,684	60,819,730	45,676,626
Total Current Assets	<u>102,356,886</u>	<u>93,081,925</u>	<u>86,741,640</u>	<u>83,247,852</u>	<u>69,163,333</u>
Investment in Zeller's Limited, at cost	7,339,983	4,566,797	3,616,036	3,616,036	3,616,036
Cash surrender value of life insurance	3,067,589	2,961,279	2,869,063	2,779,356	2,691,172
Recoverable taxes	—	—	1,635,000	1,635,000	1,268,000
Miscellaneous investments, employees' accounts receivable, building costs recoverable from landlords, etc.	1,098,692	902,281	908,713	829,116	2,157,863
Common stock of W. T. Grant Company held for deferred contingent compensation plan, at cost	352,199	295,174	233,684	158,226	139,106
Land and buildings, depreciated	347,101	319,854	374,979	882,457	3,384,053
Furniture and fixtures, depreciated	31,044,142	30,400,992	28,994,855	25,033,807	22,221,137
Improvements to leased properties (net)	6,318,918	6,919,922	7,425,191	7,843,263	12,639,822
Deferred charges	2,598,224	2,524,387	2,491,750	2,190,246	1,937,721
Total Assets	<u>\$154,523,734</u>	<u>\$141,972,611</u>	<u>\$135,290,911</u>	<u>\$128,215,359</u>	<u>\$119,218,243</u>
Liabilities, Reserves, and Capital:					
Accounts payable and accrued expenses	\$ 30,094,914	\$ 26,850,664	\$ 23,959,603	\$ 23,020,193	\$ 19,079,575
Federal taxes on income—estimated (less U. S. Government securities)	8,225,414	3,957,987	4,973,877	3,102,943	3,530,452
Total Current Liabilities	<u>38,320,328</u>	<u>30,808,651</u>	<u>28,933,480</u>	<u>26,123,136</u>	<u>22,610,027</u>
Reserve for inventory reduction, less tax refunds, if retroactive LIFO is sustained	—	—	—	3,214,118	3,214,118
Reserve for uninsured risks	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve for repainting stores	1,116,319	1,035,906	1,037,395	916,496	848,137
Reserve for deferred contingent compensation	394,101	322,904	255,249	195,815	141,710
Capital:					
Preferred 3¾% cumulative \$100 par value	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Common	16,185,975	15,595,077	15,045,264	14,402,177	13,779,865
Earnings retained for use in the business	82,007,011	77,710,073	73,519,523	66,863,617	62,124,386
Total Liabilities, Reserves, and Capital	<u>\$154,523,734</u>	<u>\$141,972,611</u>	<u>\$135,290,911</u>	<u>\$128,215,359</u>	<u>\$119,218,243</u>

SOURCE AND DISPOSITION OF FUNDS

Where funds came from	1958	1957	1956	1955	1954	TOTAL 5 Years
<i>(amounts in 000's)</i>						
Sales	\$432,240	\$406,337	\$380,915	\$351,849	\$317,157	\$1,888,498
Less:						
Merchandise costs, supplies, outside services, etc.	299,423	280,420	265,258	244,979	220,632	1,310,712
Wages and salaries, including miscellaneous benefits	79,102	74,610	68,023	60,391	54,048	336,174
Retirement plan contributions	1,008	1,200	1,138	1,196	1,383	5,925
Social security taxes on payrolls	2,712	2,444	2,179	1,809	1,585	10,729
Rents to landlords less rentals on subleases	18,264	16,943	15,469	13,499	12,359	76,534
Federal, state and local taxes, excluding social security taxes	16,209	15,596	15,096	15,684	14,180	76,765
Depreciation and amortization	5,672	5,407	4,814	4,581	4,215	24,689
Net Income from Operations	\$ 9,850	\$ 9,717	\$ 8,938	\$ 9,710	\$ 8,755	\$ 46,970
Add charges against income which involve no cash outlay:						
Depreciation and amortization	5,672	5,407	4,814	4,581	4,215	24,689
Net increase in reserves	152	66	180	122	101	621
From sale of common stock to employees	591	550	643	622	518	2,924
From recovery of taxes, pertaining to LIFO	—	1,635	—	—	—	1,635
From sales of land and buildings	—	48	494	2,474	1,978	4,994
Recovery of building costs from landlords	—	—	—	1,710	—	1,710
From sale of improvements to leased properties	—	—	—	3,874	—	3,874
Total Funds Provided	<u>\$ 16,265</u>	<u>\$ 17,423</u>	<u>\$ 15,069</u>	<u>\$ 23,093</u>	<u>\$ 15,567</u>	<u>\$ 87,417</u>
How funds were used						
For dividends to stockholders	\$ 5,553	\$ 5,527	\$ 5,496	\$ 4,971	\$ 4,211	\$ 25,758
For investment in land and building	35	—	—	—	—	35
For investment in furniture and fixtures	5,600	6,050	8,021	6,443	5,829	31,943
For investment in improvements to leased properties	107	251	322	—	420	1,100
For building costs recoverable from landlords	—	—	—	—	284	284
For investment in Zeller's Limited	2,773	951	—	—	57	3,781
For purchase of common stock for deferred compensation plan	57	61	76	19	54	267
For increases in sundry accounts—net	377	118	471	1,089	115	2,170
Funds added to working capital	1,763	4,465	683	10,571	4,597	22,079
Total Funds Used	<u>\$ 16,265</u>	<u>\$ 17,423</u>	<u>\$ 15,069</u>	<u>\$ 23,093</u>	<u>\$ 15,567</u>	<u>\$ 87,417</u>

MERCHANDISE LINES SOLD IN W. T. GRANT "FAMILY" STORES

For Women

Dresses
 Coats, Suits
 Skirts, Sweaters
 Sportswear, Playwear
 Beachwear
 Millinery, Ribbons
 Veiling
 Uniforms
 Gloves
 Handbags
 Hosiery
 Slips, Gowns
 Foundation Garments
 Maternity Wear
 Shoes, Slippers
 Jewelry
 Rainwear, Umbrellas
 Cosmetics, Toiletries
 Luggage
 Underwear
 Party Supplies, Stationery
 Yard Goods
 Art Needlework
 Hair Goods, Notions
 Sewing Supplies

For Children

Infants' Furniture
 Nursery Supplies
 Layettes and Supplies
 Shoes
 Slippers
 Hosiery
 Sweaters
 Headwear, Sleepwear
 Robes
 Coats, Snowsuits
 Gloves, Mittens
 Polo Shirts
 Playwear, Sportswear,
 Gymwear
 Rainwear
 Girls' Dresses, Slips
 Handbags
 Boys' Suits
 Boys' Shirts
 Underwear
 Boys' Belts, Neckties
 Dolls, Doll Clothes
 Bicycles, Accessories
 Books, Games,
 Hobby Kits
 Creative Toys,
 Educational Toys

For Men

Dress Shirts
 Sports Shirts
 Sweaters
 Slacks
 Students' Suits
 Coats, Jackets
 Headwear
 Hosiery
 Shoes
 Slippers
 Knit Underwear
 Rainwear
 Work Clothes
 Neckties
 Polo Shirts
 Pajamas
 Gloves
 Rubber Footwear
 Watches
 Robes
 Beachwear
 Belts
 Shaving Needs
 Sporting Goods

For The Home

Bed Sheets, Pillow Cases, Pillows
 Blankets, Comforters
 Bedroom Ensembles
 Curtains, Draperies, Slip Covers,
 Cushions
 Towels, Shower Curtains,
 Bathroom Supplies
 Dinnerware, Glassware, Cutlery
 Table Linens, Oilcloth
 Electric Appliances
 Lamps, Shades
 Room Size Rugs
 Occasional Furniture
 Summer Furniture,
 Unfinished Furniture
 Hardware, Tools
 Paints, Brushes
 Record Players, Records
 Radios
 Power Lawn Mowers
 Garden Tools, Plants
 Barbecue Grills
 Wading Pools
 Play Gyms
 Cooking Utensils
 Electric Supplies
 Pets, Pet Supplies

Merchandise on sale in Grant stores is thoroughly screened by experienced buyers and merchandise review committees.

This is a continuous process which insures top values to the customer at all times.

Included in our merchandise lines are a large

number of Grant developed brands of merchandise. Overwhelming customer acceptance over the years proves recognition of our "built-in" unusual values. The constant sales growth of the Company is evidence that Grants is "Known for Values" to its customers from coast to coast.



W. T. GRANT CO. • 1441 BROADWAY • NEW YORK, N. Y.

